

(operating) costs. Capital costs include depreciation, cost of money, and income tax. Operating costs consist of maintenance expense, administrative expense and ad valorem and other taxes. These expenses contribute to the ongoing cost to the firm associated with the initial capital investment for LightGate 1, 2, 3, and 4 service and SAFT Levels I and II options. SAFT Levels I and II recurring costs are incremental to LightGate service mileage costs provided without these options.

1.1 Description of Procedures

The procedures for developing recurring costs as shown on Workpapers 2, 2A, 2B, 2C, 2D, 2E, and 2F are described below and are applicable for LightGate 1, 2, 3, and 4 service and the SAFT Levels I and II options.

The first step in developing recurring costs was to determine the physical network architecture. Next, the investments in fiber cable and the various lightwave terminal equipment necessary to provide DS3 level (45 Mb) transmission rates required, and the central office equipment necessary to provide DS1 level to DS3 level channelization were accumulated. Prices for major material items, such as the lightwave terminals, the optical regenerators and the central office equipment, were assembled. Material prices were multiplied against inplant factors, which cover capitalized installation and engineering, to derive installed investments.

Next, loadings were applied where appropriate, for land, building and miscellaneous common equipment and power to capture these support items. All investments were then brought forward to the base study year using USOA (field reporting) code specific Telephone Plant Indices. The installed investments were then levelized by applying a levelization factor. The levelization factor is used to trend the base year investments to a levelized amount that is valid for a three to five year planning period. Capacity and utilization requirements were also taken into account. State specific investments were weighted by demand to calculate regional investments. Investments by rate element are shown on Workpapers 2, 2A, 2B, 2C, 2D, 2E, and 2F Line 14.

Annual cost factors were used to calculate the direct cost of capital, ongoing maintenance and operating expense, various taxes, and administration. Using the levelized investments per account code, a standard annual cost factor specific to each code was applied. This calculation resulted in a recurring annual cost per USOA (field reporting) code for the investment under study. Costs, by account code, were then summed and divided by twelve to arrive at a recurring monthly cost for each rate element. The annual and monthly costs are shown by rate element on Workpapers 2, 2A, 2B, 2C, 2D, 2E, and 2F. These Workpapers also show the annual costs for each rate element: depreciation expense, cost of money, income tax expense, maintenance expense, administrative expense and ad valorem and other taxes.

Recurring costs vary among the month-to-month and contract plans for all rate elements except: all LightGate 1 service interoffice rate elements; LightGate 3 and 4 service local channel central office channel interfaces - per DS1; and, local channel mileage for LightGate 1, 2, 3, and 4 service local channel systems. Differences occur because capital costs reflect expected location lives for each contract plan period or month-to-month service period. This development recognizes that certain investments, such as capitalized engineering and installation, will not be reusable when a particular customer disconnects a LightGate service arrangement. Capital costs were developed considering the midpoint of each contract plan period alternative, e.g., a 36 month period for CSPP Option A which ranges from 24 to 48 months. Operating costs, however, were derived in the same manner as described in the preceding paragraph.

Recurring non-investment related unit costs for LightGate 1, 2, 3, and 4 service and the SAFT Levels I and II options are zero for all rate elements (Workpapers 2, 2A, 2B, 2C, 2D, 2E, and 2F line 31).

The last step was to develop the ratio of unit monthly costs to investments (Workpapers 2, 2A, 2B, 2C, 2D, 2E, and 2F Line 42) for each rate element. The ratio is equal to the total unit monthly costs (Workpapers 2, 2A, 2B, 2C, 2D, 2E, and 2F Line 35) divided by the total unit investment (Workpapers 2, 2A, 2B, 2C, 2D, 2E, and 2F Line 14).

2. NONRECURRING COST DEVELOPMENT

Nonrecurring costs are one-time costs, and are incurred as a result of work activities associated with the origination, provisioning, installation and completion of orders initiated by customer requests for LightGate 1, 2, 3, and 4 service and the SAFT Levels I and II options. SAFT Levels I and II nonrecurring costs are incremental to the nonrecurring cost associated with installing LightGate Local Channel Systems.

Workpaper 3 develops average nonrecurring costs for each rate element based upon expected inward movement weighting by system size. The supporting cost details underlying this development are contained in Workpaper 3A.

2.1 Description of Procedures

The procedures for developing nonrecurring costs shown on Workpapers 3 and 3A are described below for LightGate 1, 2, 3, and 4 service elements and the SAFT Levels I and II options.

The first step in developing nonrecurring costs was to determine those identified cost elements which contained one time work functions requiring a study effort. These cost elements were then

described by all of those individual work functions required to provision the service (an example of a work function is making a cross-connect in the Central Office).

The work functions required to provide LightGate 1, 2, 3, and 4 service and the SAFT Levels I and II options were grouped into four categories: Service Order, Engineering, Connect and Testing, and Travel.

The next step identified specific work flows for work functions involved in the provisioning of LightGate 1, 2, 3, and 4 service and the SAFT Levels I and II options within the various work centers involved in provisioning LightGate service and the SAFT Levels I and II options. The workflows include a list of all tasks and were used to identify unit work time data to be gathered. Work functions within a work center were combined to establish a workflow for that center.

The next step in the development of nonrecurring costs was to determine work times for each work function associated with the service and options. A combination of the following methods was used to establish work times for this study:

Task Oriented Costing (TOC) Studies
Subject Matter Expert Evaluation

Individual rate element nonrecurring costs were developed by multiplying work function labor times by the appropriate year's directly assigned regional labor rate. Then individual work function costs were summed to provide the total nonrecurring cost for each cost element studied. Those nonrecurring costs are shown on Workpaper 3A.

Cost differences due to the timing and quantity of services ordered and installed were recognized by calculating separate costs for applicable cost elements. Nonrecurring costs for LightGate service Systems, DS3 and DS1 Channel Interfaces, and SAFT Level I and II options were developed in a multi-step process. Initial, Subsequent, First and Additional costs were identified and these costs were then melded to arrive at an average cost per occurrence per rate element as the following describes:

INITIAL:

- DS3 Channel Interfaces - Ordered and provisioned coincident with a LightGate 2, 3, or 4 service Local Channel System.
- 28 DS1 Channel System - Ordered and provisioned coincident with a LightGate 3 or 4 service Local Channel System DS3 Channel Interface, or a LightGate 1 Interoffice Channel DS3 Channel Interface.
- DS1 Channel Interface - Ordered and provisioned concurrent with another type of service (for example, a DS1 High Capacity Local Channel). DS1 Channel Interfaces will always be placed on a separate order from the 28 DS1 Channel System.
- SAFT I and II: - Ordered and provisioned coincident with a LightGate 1, 2, 3, or 4 System.

SUBSEQUENT:

- DS3 Channel Interfaces - Ordered and provisioned subsequent to the installation of a LightGate 2, 3, or 4 service Local Channel System.
- DS1 Channel Interface - Ordered and provisioned separately from any other type of service.
- SAFT I and II - Ordered and provisioned subsequent to a LightGate 1, 2, 3, or 4 System.

FIRST:

When one LightGate 1, 2, 3, or 4 service DS3 Channel Interface, or 28 DS1 Channel System, or DS1 Channel Interface is ordered and provisioned at a Telephone Company central office, or customer's premises location, each is considered a FIRST service element installed.

ADDITIONAL:

When more than one LightGate 1, 2, 3, or 4 service DS3 Channel Interface, or 28 DS1 Channel System, or DS1 Channel Interface is ordered and provisioned at the same time, at the same location and for the same Customer and System, the first is considered as stated in the previous paragraph and the others are considered ADDITIONAL.

Once the initial, subsequent, first and additional costs were identified, they were melded together to arrive at a weighted average cost per occurrence per rate element. This was done to produce an administratively reasonable level of nonrecurring costs representing the full range of expected installation requests. The process distributed service order associated costs over the full range of expected service provisioning for a system, while also reflecting lower cost levels created by additional channel interfaces of the same type ordered at the same time. The algorithms for this process are:

LightGate 1, 2, 3, and 4 service DS1 Channel Interfaces - From Marketing and Network expectation, average costs were developed from anticipated new service requests and existing DS1 service configuration requests as follows: 50% of the time for new requests, 20% for existing DS1 channel interface rearrangement grooming, and the remaining 30% for DS1 channels rolling over to dedicated LightGate service systems. New DS1 Channel interface service requests are estimated to follow a pattern of one first and one additional on each order. Existing rearrangement DS1 grooming requests are expected to be an initial request 25% of the time and an additional order 75% of the time. Existing DS1 rollover applications are expected to consist of initial orders 5% of the time and additional orders 95% of the time.

LightGate 1, 2, 3, and 4 service DS3 Channel Interfaces - Customer DS3 service requests have demonstrated that 83% of the time DS3s are ordered individually. The remaining 17% have generally been ordered in groups of two at a time. Nonrecurring cost is calculated as follows: $83\% \text{ of } (\text{Initial} + (\text{Subsequent} \times \text{system capacity} - 1)) \text{ divided by system capacity} + 17\% \text{ of } (\text{Initial Additional} + (\text{Subsequent Additional} \times \text{one-half system capacity} - 1)) \text{ divided by one-half system capacity}.$

28 DS1 Channel Systems (DS1 Channel Systems) associated with LightGate 3 and 4 Local Channels, and LightGate 1 Interoffice Channel service are estimated to be installed individually as an Initial (1st) DS1 Channel System along with associated DS3 Channel

Interface labor. DS1 Channel Systems are not generally installed subsequent to DS3 local channels or interoffice systems. DS1 Channel Systems contain three cost elements: the system itself and then a meld of local channel and interoffice channel DS3 channel interface labor. The melding of the DS3 channel related costs utilizes a weighting in proportion to the number of interoffice channels associated with interstate systems. (Source: 1992 Annual Filing Data)¹.

SAFT I and II Options - Developed initial and subsequent nonrecurring costs incremental to the nonrecurring cost associated with installing LightGate Local Channel Systems. These costs were then averaged to arrive at a cost per occurrence per rate element.

3. SUMMARY OF WORKPAPERS

Workpaper 1, 1A, 1B, 1C, 1D, 1E, and 1F are summary papers only. Workpapers 1, 1A, 1B, 1C, 1D, 1E, and 1F (Unit Cost Summary, Recurring and Nonrecurring - Rate Element Specific Costs) summarize the recurring costs from Workpapers 2, 2A, 2B, 2C, 2D, 2E, and 2F (Recurring Unit Cost Development - Rate Element Specific Cost) and the nonrecurring costs from Workpapers 3 (Nonrecurring Cost Development).

¹ The BellSouth Telephone Companies 1992 Annual Access Charge Tariff filing, transmittal Number 29 on April 2, 1992, effective July 1, 1992.

4. WORKPAPERS

BELLSOUTH TELECOMMUNICATIONS, INC

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WORKPAPER 1
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1 UNIT COST SUMMARY, RECURRING AND NONRECURRING -
2 RATE ELEMENT SPECIFIC COSTS

Service Name: LightGate® 1 Service

			MONTH TO MONTH	PLAN A 24 TO 48 MONTHS	PLAN B 49 TO 72 MONTHS	PLAN C 73 TO 96 MONTHS
11	RATE ELEMENT	DESCRIPTION				
12	Per System	Monthly Cost	\$1,500.05	\$1,271.61	\$1,221.48	\$1,199.11
13	(HFSC6, HFSC7)	Nonrecurring	\$299.21			
14						
15						
16						
17						
18	C.O. Channel Interface, per DS3	Monthly Cost	\$1.32	\$1.25	\$1.24	\$1.23
19	(1PQEC)	Nonrecurring	\$413.71			
20						
21						
22						
23						
24	C.O. Channel Interface per DS1	Monthly Cost	\$4.15	\$3.95	\$3.90	\$3.88
25	(1PQE1)	Nonrecurring	\$84.88			
26						
27						
28						
29						
30	Customer Channel Interface,	Monthly Cost	\$2.70	\$2.04	\$1.89	\$1.83
31	per DS3	Nonrecurring	\$451.81			
32	(1PQEP)					
33						
34						
35						
36	Customer Channel Interface,	Monthly Cost	\$8.48	\$6.40	\$5.95	\$5.75
37	per DS1	Nonrecurring	\$235.65			
38	(1PQE2)					
39						
40						
41						
42	Local Channel	Monthly Cost	\$214.55	\$214.55	\$214.55	\$214.55
43	Each Add'l Half Mile	Nonrecurring	N/A			
44	(1LPEA)					
45						
46						

BELLSOUTH TELECOMMUNICATIONS, INC.

1 UNIT COST SUMMARY, RECURRING AND NONRECURRING -
2 RATE ELEMENT SPECIFIC COSTS

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Service Name: LightGate® 2 Service

			MONTH TO MONTH	PLAN A 24 TO 48 MONTHS	PLAN B 49 TO 72 MONTHS	PLAN C 73 TO 96 MONTHS
11	RATE ELEMENT	DESCRIPTION				
12	Per System	Monthly Cost	\$2,078.23	\$1,746.56	\$1,673.75	\$1,641.27
13	(HFSCD, HFSCE)	Nonrecurring	\$299.21			
14						
15						
16						
17						
18	C.O. Channel Interface, per DS3	Monthly Cost	\$7.88	\$7.48	\$7.39	\$7.35
19	(1PQEC)	Nonrecurring	\$413.71			
20						
21						
22						
23						
24	C.O. Channel Interface per DS1	Monthly Cost	\$4.15	\$3.95	\$3.90	\$3.88
25	(1PQE1)	Nonrecurring	\$84.88			
26						
27						
28						
29						
30	Customer Channel Interface,	Monthly Cost	\$16.00	\$12.09	\$11.23	\$10.85
31	per DS3	Nonrecurring	\$451.81			
32	(1PQEP)					
33						
34						
35						
36	Customer Channel Interface,	Monthly Cost	\$8.48	\$6.40	\$5.95	\$5.75
37	per DS1	Nonrecurring	\$235.65			
38	(1PQE2)					
39						
40						
41						
42	Local Channel	Monthly Cost	\$214.55	\$214.55	\$214.55	\$214.55
43	Each Add'l Half Mile	Nonrecurring	N/A			
44	(1LPEA)					
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BELLSOUTH TELECOMMUNICATIONS, INC.

1 UNIT COST SUMMARY, RECURRING AND NONRECURRING--
2 RATE ELEMENT SPECIFIC COSTS

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Service Name: LightGate® 3 Service

		MONTH TO MONTH	PLAN A 24 TO 48 MONTHS	PLAN B 49 TO 72 MONTHS	PLAN C 73 TO 96 MONTHS
RATE ELEMENT	DESCRIPTION				
=====	=====	=====	=====	=====	=====
Per System	Monthly Cost	\$4,380.13	\$3,621.95	\$3,455.43	\$3,381.11
(HFSCF, HFSCG)	Nonrecurring	\$299.21			
C.O. Channel Interface, per DS3	Monthly Cost	\$38.85	\$35.70	\$35.01	\$34.69
(1PQEC)	Nonrecurring	\$413.71			
C.O. per 28 DS1 Channel System	Monthly Cost	\$338.31	\$335.16	\$334.46	\$334.15
(MQ3CO)	Nonrecurring	\$508.15			
C.O. Channel Interface per DS1	Monthly Cost	\$4.01	\$4.01	\$4.01	\$4.01
(1PQE1)	Nonrecurring	\$84.88			
Customer Channel Interface,	Monthly Cost	\$77.22	\$57.51	\$53.19	\$51.26
per DS3	Nonrecurring	\$451.81			
(1PQEP)					
Local Channel	Monthly Cost	\$214.55	\$214.55	\$214.55	\$214.55
Each Add'l Half Mile	Nonrecurring	N/A			
(1LPEA)					

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1 UNIT COST SUMMARY, RECURRING AND NONRECURRING -
2 RATE ELEMENT SPECIFIC COSTS

Service Name: LightGate® 4 Service

			MONTH TO MONTH	PLAN A 24 TO 48 MONTHS	PLAN B 49 TO 72 MONTHS	PLAN C 73 TO 96 MONTHS
10	RATE ELEMENT	DESCRIPTION				
11	=====	=====	=====	=====	=====	=====
12	Per System	Monthly Cost	\$8,403.05	\$6,896.41	\$6,565.50	\$6,417.82
13	(HFSCCH, HFSCJ)	Nonrecurring	\$299.21			
14						
15						
16						
17						
18	C.O. Channel Interface, per DS3	Monthly Cost	\$33.72	\$30.95	\$30.33	\$30.06
19	(1PQEC)	Nonrecurring	\$413.71			
20						
21						
22						
23						
24	C.O. per 28 DS1 Channel System	Monthly Cost	\$333.18	\$330.40	\$329.79	\$329.51
25	(MQ3CO)	Nonrecurring	\$508.15			
26						
27						
28						
29						
30	C.O. Channel Interface per DS1	Monthly Cost	\$4.01	\$4.01	\$4.01	\$4.01
31	(1PQE1)	Nonrecurring	\$84.88			
32						
33						
34						
35						
36	Customer Channel Interface,	Monthly Cost	\$80.55	\$63.52	\$59.78	\$58.11
37	per DS3	Nonrecurring	\$451.81			
38	(1PQEP)					
39						
40						
41						
42	Local Channel	Monthly Cost	\$214.55	\$214.55	\$214.55	\$214.55
43	Each Add'l Half Mile	Nonrecurring	N/A			
44	(1LPEA)					
45						
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1 RECURRING UNIT COST DEVELOPMENT -
2 RATE ELEMENT SPECIFIC COSTS

Service Name: LightGate® 1 Service
Rate Element: Per System (HFSC6)
Month-to-Month

14 TOTAL UNIT INVESTMENT	\$43,055.64
17 INVESTMENT RELATED UNIT CAPITAL COSTS	
18 Depreciation Expense	\$10,143.38
19 Cost of Money	\$3,691.74
20 Income Tax Expense	\$1,607.71
21 Total (LN18 + LN19 + LN20)	\$15,442.83
23 INVESTMENT RELATED UNIT OPERATING COSTS	
24 Maintenance Expense	\$435.31
25 Administrative Expense	\$1,591.91
26 Ad Valorem and Other Taxes	\$530.54
27 Total (LN24 + LN25 + LN26)	\$2,557.76
29 TOTAL INVESTMENT RELATED UNIT COSTS (LN21 + LN27)	\$18,000.59
NON-INVESTMENT RELATED UNIT COSTS	\$0.00
33 TOTAL UNIT ANNUAL COSTS (LN29 + LN31)	\$18,000.59
35 TOTAL UNIT MONTHLY COSTS (LN33/12)	\$1,500.05
41 RATIO OF UNIT MONTHLY COSTS TO INVESTMENT (LN35/LN14)	0.0348

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1 RECURRING UNIT COST DEVELOPMENT -
2 RATE ELEMENT SPECIFIC COSTS

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Service Name: LightGate® 1 Service
Rate Element: Per System (HFSC7)
Plan A
24 to 48 Months

14 TOTAL UNIT INVESTMENT \$43,055.64

17 INVESTMENT RELATED UNIT CAPITAL COSTS

18 Depreciation Expense \$7,295.59
19 Cost of Money \$3,765.31
20 Income Tax Expense \$1,640.68
21 Total (LN18 + LN19 + LN20) \$12,701.58

23 INVESTMENT RELATED UNIT OPERATING COSTS

24 Maintenance Expense \$435.31
25 Administrative Expense \$1,591.91
26 Ad Valorem and Other Taxes \$530.54
27 Total (LN24 + LN25 + LN26) \$2,557.76

29 TOTAL INVESTMENT RELATED UNIT COSTS (LN21 + LN27) \$15,259.34

NON-INVESTMENT RELATED UNIT COSTS \$0.00

33 TOTAL UNIT ANNUAL COSTS (LN29 + LN31) \$15,259.34

35 TOTAL UNIT MONTHLY COSTS (LN33/12) \$1,271.61

41 RATIO OF UNIT MONTHLY COSTS

42 TO INVESTMENT (LN35/LN14) 0.0295

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1 RECURRING UNIT COST DEVELOPMENT -
2 RATE ELEMENT SPECIFIC COSTS

Service Name: LightGate® 1 Service
Rate Element: Per System (HFSC7)
Plan B
49 to 72 Months

14 TOTAL UNIT INVESTMENT \$43,055.64

17 INVESTMENT RELATED UNIT CAPITAL COSTS

18 Depreciation Expense \$6,726.22
19 Cost of Money \$3,743.09
20 Income Tax Expense \$1,630.70
21 Total (LN18 + LN19 + LN20) \$12,100.01

23 INVESTMENT RELATED UNIT OPERATING COSTS

24 Maintenance Expense \$435.31
25 Administrative Expense \$1,591.91
26 Ad Valorem and Other Taxes \$530.54
27 Total (LN24 + LN25 + LN26) \$2,557.76

29 TOTAL INVESTMENT RELATED UNIT COSTS (LN21 + LN27) \$14,657.77

30 NON-INVESTMENT RELATED UNIT COSTS \$0.00

33 TOTAL UNIT ANNUAL COSTS (LN29 + LN31) \$14,657.77

35 TOTAL UNIT MONTHLY COSTS (LN33/12) \$1,221.48

41 RATIO OF UNIT MONTHLY COSTS

42 TO INVESTMENT (LN35/LN14) 0.0264

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1 RECURRING UNIT COST DEVELOPMENT -
2 RATE ELEMENT SPECIFIC COSTS

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5	Service Name	LightGate® 1 Service
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7	Rate Element	Per System (HFSC7)
8		Plan C
9		73 to 96 Months
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14	TOTAL UNIT INVESTMENT	\$43,055.64
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17	INVESTMENT RELATED UNIT CAPITAL COSTS	
18	Depreciation Expense	\$6,482.31
19	Cost of Money	\$3,726.12
20	Income Tax Expense	\$1,623.12
21	Total (LN18 + LN19 + LN20)	\$11,831.55
22		
23	INVESTMENT RELATED UNIT OPERATING COSTS	
24	Maintenance Expense	\$435.31
25	Administrative Expense	\$1,591.91
26	Ad Valorem and Other Taxes	\$530.54
27	Total (LN24 + LN25 + LN26)	\$2,557.76
28		
29	TOTAL INVESTMENT RELATED UNIT COSTS (LN21 + LN27)	\$14,389.31
30	NON-INVESTMENT RELATED UNIT COSTS	\$0.00
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33	TOTAL UNIT ANNUAL COSTS (LN29 + LN31)	\$14,389.31
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35	TOTAL UNIT MONTHLY COSTS (LN33/12)	\$1,199.11
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41	RATIO OF UNIT MONTHLY COSTS	
42	TO INVESTMENT (LN35/LN14)	0.0279
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1 RECURRING UNIT COST DEVELOPMENT -
2 RATE ELEMENT SPECIFIC COSTS

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Service Name LightGate® 1 Service
Rate Element C O Channel Interface
per DS3 (1PQEC)
Month-to-Month

14 TOTAL UNIT INVESTMENT	\$51.60
17 INVESTMENT RELATED UNIT CAPITAL COSTS	
18 Depreciation Expense	\$6.86
19 Cost of Money	\$4.03
20 Income Tax Expense	\$1.77
21 Total (LN18+LN19+LN20)	\$12.66
23 INVESTMENT RELATED UNIT OPERATING COSTS	
24 Maintenance Expense	\$0.85
25 Administrative Expense	\$1.75
26 Ad Valorem and Other Taxes	\$0.61
27 Total (LN24+LN25+LN26)	\$3.21
29 TOTAL INVESTMENT RELATED UNIT COSTS (LN21+LN27)	\$15.87
31 NON-INVESTMENT RELATED UNIT COSTS	\$0.00
33 TOTAL UNIT ANNUAL COSTS (LN29+LN31)	\$15.87
35 TOTAL UNIT MONTHLY COSTS (LN33/12)	\$1.32
41 RATIO OF UNIT MONTHLY COSTS 42 TO INVESTMENT (LN35/LN14)	0.0256

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1 RECURRING UNIT COST DEVELOPMENT -
2 RATE ELEMENT SPECIFIC COSTS

Service Name: LightGate® 1 Service
Rate Element: C O Channel Interface
per DS3 (1PQEC)
Plan A
24 to 48 Months

14 TOTAL UNIT INVESTMENT \$51.60

17 INVESTMENT RELATED UNIT CAPITAL COSTS

18 Depreciation Expense \$6.02
19 Cost of Money \$4.05
20 Income Tax Expense \$1.77
21 Total (LN18 + LN19 + LN20) \$11.84

23 INVESTMENT RELATED UNIT OPERATING COSTS

24 Maintenance Expense \$0.85
25 Administrative Expense \$1.75
26 Ad Valorem and Other Taxes \$0.61
27 Total (LN24 + LN25 + LN26) \$3.21

29 TOTAL INVESTMENT RELATED UNIT COSTS (LN21 + LN27) \$15.05

31 NON-INVESTMENT RELATED UNIT COSTS \$0.00

33 TOTAL UNIT ANNUAL COSTS (LN29 + LN31) \$15.05

35 TOTAL UNIT MONTHLY COSTS (LN33/12) \$1.25

41 RATIO OF UNIT MONTHLY COSTS

42 TO INVESTMENT (LN35/LN14) 0.0243

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1 RECURRING UNIT COST DEVELOPMENT -
2 RATE ELEMENT SPECIFIC COSTS

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Service Name LightGate® 1 Service
Rate Element: C O Channel Interface
per DS3 (1PQEC)
Plan 8
49 to 72 Months

14 TOTAL UNIT INVESTMENT	\$51.60
17 INVESTMENT RELATED UNIT CAPITAL COSTS	
18 Depreciation Expense	\$5.86
19 Cost of Money	\$4.04
20 Income Tax Expense	\$1.77
21 Total (LN18+LN19+LN20)	\$11.67
23 INVESTMENT RELATED UNIT OPERATING COSTS	
24 Maintenance Expense	\$0.85
25 Administrative Expense	\$1.75
26 Ad Valorem and Other Taxes	\$0.61
27 Total (LN24+LN25+LN26)	\$3.21
29 TOTAL INVESTMENT RELATED UNIT COSTS (LN21+LN27)	\$14.88
31 NON-INVESTMENT RELATED UNIT COSTS	\$0.00
33 TOTAL UNIT ANNUAL COSTS (LN29+LN31)	\$14.88
35 TOTAL UNIT MONTHLY COSTS (LN33/12)	\$1.24
41 RATIO OF UNIT MONTHLY COSTS 42 TO INVESTMENT (LN35/LN14)	0.0240

BELLSOUTH TELECOMMUNICATIONS INC

APPENDIX C
WORKPAPER 2
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1 RECURRING UNIT COST DEVELOPMENT -
2 RATE ELEMENT SPECIFIC COSTS

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Service Name LightGate® 1 Service
Rate Element: C.O. Channel Interface
per DS3 (1PQEC)
Plan C
73 to 96 Months

12
13

14 TOTAL UNIT INVESTMENT \$51.60

15
16

17 INVESTMENT RELATED UNIT CAPITAL COSTS

18 Depreciation Expense \$5.80
19 Cost of Money \$4.03
20 Income Tax Expense \$1.77
21 Total (LN18 + LN19 + LN20) \$11.60

22

23 INVESTMENT RELATED UNIT OPERATING COSTS

24 Maintenance Expense \$0.85
25 Administrative Expense \$1.75
26 Ad Valorem and Other Taxes \$0.61
27 Total (LN24 + LN25 + LN26) \$3.21

28

29 TOTAL INVESTMENT RELATED UNIT COSTS (LN21 + LN27) \$14.81

30

31 NON-INVESTMENT RELATED UNIT COSTS \$0.00

32

33 TOTAL UNIT ANNUAL COSTS (LN29 + LN31) \$14.81

34

35 TOTAL UNIT MONTHLY COSTS (LN33/12) \$1.23

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41 RATIO OF UNIT MONTHLY COSTS

42 TO INVESTMENT (LN35/LN14) 0.0239

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